United Nations E/CN.5/2000/NGO/8

Economic and Social Council

Distr.: General
9 February 2000

Original: English

Commission for Social Development
Thirty-eighth session
8-17 February 2000
Item 3 of the provisional agenda*
Follow-up to the World Summit for Social Development

Statement submitted by Maryknoll Fathers and Brothers, a non-governmental organization in special consultative status with the Economic and Social Council

The Secretary-General has received the following statement, which is circulated in accordance with paragraphs 36 and 37 of Economic and Social Council resolution 1996/31 of 25 July 1996.

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The potential contribution of debt cancellation to poverty eradication goals: further implementation of the Social Summit commitments

As religious institutions, development agencies and non-governmental organizations with extensive experience in impoverished countries and a deep commitment to the eradication of poverty, we have followed closely the implementation of decisions made at the World Summit for Social Development in Copenhagen. We affirm wholeheartedly the Summit's commitment to "eradicating poverty in the world, through decisive national actions and international cooperation, as an ethical, social, political and economic imperative of humankind" (commitment 2). As participants in the Jubilee 2000 campaign, we are acutely aware of the devastating impact of debt and have vigorously supported efforts to alleviate "onerous debt and debt service burdens" (actions A, para. 10 (a)), without conditions that exacerbate poverty or environmental destruction.

Since the Social Summit there has been much debate about the depth and framework for debt relief. Spurred by Jubilee 2000 and others, creditors have finally acknowledged the seriousness of the debt crisis and have agreed to participate in a comprehensive programme (Heavily Indebted Poor Countries (HIPC) Initiative) to make debt payments sustainable for impoverished countries. In 1999 at Cologne, Germany, and in subsequent meetings, bilateral and multilateral creditors substantially revised the HIPC Initiative towards a goal of poverty reduction. The basis of this new framework for debt reduction (HIPC-II) will be the poverty reduction strategy paper.

It is of critical import that United Nations agencies (such as the United Nations Development Programme, the United Nations Children's Fund, the World Health Organization, the International Labour Organization etc.) with extensive experience in poverty

* E/CN.5/2000/1.

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reduction actively support the development of the poverty reduction strategy paper in poor countries. Particular attention should be given to transparency and to the meaningful participation of local communities in shaping the process surrounding debt relief in a given country: development of the paper; monitoring implementation, and regular assessment of the social and environmental impact of policies and programmes as they are implemented.

Numerous commitments of the Copenhagen Declaration on Social Development are pertinent to the new Cologne framework. Certain Copenhagen commitments could be supported, at least in some measure, by a well-implemented Cologne framework. Among them are the following:

(a) Formulate or strengthen national policies and strategies geared to substantially reducing overall poverty in the shortest possible time, reducing inequalities and eradicating absolute poverty (commitment 2 (a));

(b) Ensure that people living in poverty have access to productive resources, including credit, land, education and training, technology, knowledge and information, and public services, and participate in decision-making on a policy and regulatory environment that would enable them to benefit from expanding employment and economic opportunities (commitment 2 (c));

(c) Ensure that national budgets and policies are oriented, as necessary, to meeting basic needs, reducing inequalities and targeting poverty (commitment 2 (e));

(d) Strive to ensure that the international community and international organizations, particularly the multilateral financial institutions, assist developing countries and all countries in need in their efforts to achieve our overall goal of eradicating poverty and ensuring basic social programmes (commitment 2 (g)).

The international community has superseded the commitments of the Summit to debt relief (for example, in commitment 7 (c)). In the process, however, it has become evident that even more must be done to cancel additional debts for a greater number of countries.

In many areas, critical differences between Copenhagen and Cologne, or critical challenges, remain to be addressed.

The Copenhagen Declaration repeatedly refers to the eradication of poverty, whereas the Cologne Initiative targets only the reduction of poverty. To contribute substantially to the eradication of poverty, debt cancellation will of necessity be much deeper then currently committed and benefit many more countries.

Little debt cancellation of any substance has yet been accomplished. In fact, any value of the Cologne commitments will be seen in their actualization. International creditors must be held accountable to promises made in the process of this debate.

Structural adjustment programmes have consistently accompanied debt relief, despite well-founded accusations that, as designed and applied, they have exacerbated poverty and environmental destruction. The impact of these policy reforms must be honestly evaluated. No conditions that worsen poverty or environmental destruction can be attached to debt relief. Regularly repeated social and environmental impact assessments must be made throughout the process of economic policy change, including debt cancellation.

United Nations agencies have the expertise and experience to assist with these assessments, to which delegates to Copenhagen made a specific commitment: We commit ourselves to ensuring that when structural adjustment programmes are agreed to, they include social development goals, in particular eradicating poverty, promoting full and productive employment and enhancing social integration (commitment 8). We will review the impact of structural adjustment programmes on social development, including, where appropriate, by means of gender-sensitive social impact assessments (commitment 8 (b)).

An essential step in making debt reduction contribute to poverty eradication is the identification and termination of adjustment programmes that have deepened unemployment, lowered wages and job security, destroyed small businesses, undermined food security, increased the burdens on women, and devastated the environment in many, many countries (see E/CN.4/1999/50).

Given the many points of intersection between the Copenhagen Declaration and the Cologne Initiative and the importance of careful implementation of the latter, we urge more extensive involvement of United Nations agencies in:

(a) The design, implementation and monitoring of process, policy and programmes associated with the cancellation of debt; working with Governments and local communities to ensure that debt cancellation contributes to the reduction of inequality and the eradication of poverty;

(b) Supporting meaningful participation by local communities in decisions about debt relief, including decisions about the design of national poverty reduction strategies. The commitment to participation must go beyond words to real action. It must not be only consultative but must include real participation in decision-making, implementation and evaluation of poverty reduction strategies. Furthermore, substantive resources must be made available to make that participation possible;

(c) Monitoring the process of debt cancellation to ensure that the consideration of the social impact of economic policy reforms is an integral part of decision-making about the appropriateness of any such reforms prior to and during application;

(d) Ensuring that resources freed by debt cancellation be used to benefit impoverished people and their communities through investment in jobs, high quality and affordable food, education, health care and other basics of a dignified life.